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Report Highlights:

GOM Will Request Enlargement of NAFTA*Fructose, Pork Meat, Apples, and Poultry Meat:
Irritants to Bilateral Relations*Competitive Agriculture: Key to Import Reduction*Zero
Implementation of the National Agreement on Agriculture*Farm Organizations Threaten More
Demonstrations*Opposite Parties in Favor of Revising NAFTA Agricultural
Chapter*Restructuring of the Mexican Agricultural Sector Urgently Required

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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GOM WILL REQUEST ENLARGEMENT OF NAFTA

The Secretariat of Economy stated that the Government of Mexico (GOM) has identified areas which it will request enlargement of NAFTA. Some of these areas are the harmonization of technical standards, the facilitation of the border crossing and the creation of border infrastructure to speed up the trade exchange. Other items include the payments system and electronic transfers and flexibility for the movement of certain professionals between Mexico, the United States and Canada, and the improvement of air, truck and rail load transport. (Source: *El Financiero*, 7/4/03)

FRUCTOSE, PORK MEAT, APPLES, AND POULTRY MEAT: IRRITANTS TO BILATERAL RELATIONS

During the Caribbean Common Market Community Conference in Montego Bay, and after a meeting with USTR Ambassador Zoellick, Mexican Foreign Affairs Minister, Luis Ernesto Derbez, indicated that both officials recognized the need of establishing a negotiation table to settle different issues in the agricultural sector. Mr. Derbez also indicated that there are issues that "irritate" the bilateral relationship with the United States, particularly the ones related to the trading of sugar and fructose, pork meat, apples, and poultry meat. (Source: *La Jornada*, 7/4/03)

COMPETITIVE AGRICULTURE: KEY TO IMPORT REDUCTION

According to a local newspaper, the Undersecretary of Commerce, Rocio Ruiz Chavez, stated that Mexico would not be able to reduce imports of agricultural products and livestock if there is no incentive created for competitiveness of the agricultural sector. Also, purchases of agricultural products above the tariff rate quotas (*cupos*) are necessary because domestic production is insufficient to supply the local market demand, to maintain the integrity of the productive chains, and to comply with international trade agreements. (Source: *La Jornada*, 7/8/03)

ZERO IMPLEMENTATION OF THE NATIONAL AGREEMENT ON AGRICULTURE

Producer organizations expressed their displeasure of the lack of implementation of the National Agreement on Agriculture (ANC). They also indicated that it is false that 75 percent of the 2003 budgetary resources (approximately 25 billion pesos, or roughly US\$2.5 billion dollars) for agricultural programs have been liberated, as the Secretariat of Agriculture insists. Leaders of the Permanent Agrarian Congress (CAP), the National Union of Campesino Autonomous Organizations (UNORCA), the Union of Democratic Farmers (UCD) and El Barzon, threatened to begin demonstrations again after the elections of July 6, 2003,

because of the lack of ANC implementation. Also, they stated that those organizations would establish that ANC's packages of commitments differed within each secretariat responsible for implementing the commitments of the agreement. (Source: *El Financiero*, 7/4/03)

FARM ORGANIZATIONS THREATEN MORE DEMONSTRATIONS

Leaders of seven farm organizations are threatening to boycott the Ministerial meeting of the WTO that will take place in Cancun in September 2003 because the Mexican government has refused to revise the NAFTA Agreement as agreed to during the National Agricultural Pact. The leaders of these organizations will begin demonstrations after July 6, 2003, when the truce with the government ends. (Source: *Universal*, 7/4/03)

OPPOSITE PARTIES IN FAVOR OF REVISING NAFTA AGRICULTURAL CHAPTER

In their respective electoral platforms for 2003-2006, the Democratic Revolution Party (PRD), Institutional Revolutionary Party (PRI) and Labor Party (PT), promise the farmers they will revise the agricultural chapter of the North American Free Trade Agreement (NAFTA). Moreover, these parties promise a new policy of subsidies and credit, and to strengthen the organizations of producers and the food sovereignty. The National Action Party (PAN) doesn't specify any proposal for farmers and recognizes the governmental actions in agriculture as a part of the party achievements. (Source: *La Jornada*, 7/3/03)

RESTRUCTURING OF THE MEXICAN AG SECTOR URGENTLY REQUIRED

According to a local newspaper, farm groups would like to see President Vincente Fox learn from his negative experiences in his relationship with the current Legislature, and to develop an attitude of dialogue and true negotiations with the next Congress to advance the pending reforms on labor, energy, fiscal, etc. They would also like him to define legal mechanisms that would restructure the management of the agricultural sector, and generate a favorable atmosphere to include poor farmers in the goals of food production. (Source: *El Financiero*, 7/7/03)

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Number	Title	Date
MX3091	Weekly Highlights & Hot Bites, Issue #33	7/2/03

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